

Investment Information

Questions of general interest to investors will be answered in this column, in which case initial initials will be used. Others will be answered by mail. Address all inquiries, inclosing a stamped, addressed envelope, to Financial Editor, The Tribune, 151 Nassau Street, New York City.

Cudahy Packing Bonds

Question—Will you please publish in The Tribune your opinion on the present market value of the Cudahy Packing Company's bonds, now maturing due December 1.

The only two market quotations on these bonds are Chicago and Boston stock exchanges, and your paper seldom quotes prices on these markets. Do you regard this issue of bonds a first class industrial investment for a conservative investor?—C. M. W.

Answer—We consider Cudahy Packing 5s, 1948, a good investment security. The bonds are currently quoted in the market for unlisted securities here around 94 bid, offered at 94%.

Eisemann Magneto

Question—Some time ago I bought for my grandmother one share of Eisemann Magneto. Seven cent preferred stock at \$100. It has been held ever since for a long time. Would like to know what it can be sold for, what the market is and is worth holding while.

Answer—Eisemann Magneto Corporation is a comparatively small company, with an inventory that represents 50 per cent of assets. Operations for 1921 resulted in a deficit of about \$200,000. Last dividend on preferred stock was paid May 2, 1921. Present market for preferred stock is around 50. The outlook for the company is too uncertain to point of prediction, and decisions as to whether it should be held or disposed of the stock should be governed by the financial needs of the holder.

United Profit Sharing

Question—Will you kindly advise me concerning the United Profit Sharing new stocks, as I have about 100 shares?—W. R.

Answer—United Profit Sharing new stock of \$1 par value has paid quarterly dividends of 15 cents each in April, July, and October of this year; current market for the stock is around 45. The company has many stocks, including and redeeming, coupons, certificates, and other advertising devices. Capital stock outstanding is \$409,538, and surplus, subject to Federal tax, was \$537,083, as of December 31, 1921.

Pierce, Butler & Pierce

Question—Please advise me whether an interest in the Pierce, Butler & Pierce Manufacturing Corporation, a parent cumulative preferred stock, selling at \$85 a share is secure and safe.—C. H. M.

Answer—Pierce, Butler & Pierce preferred stock may be considered suitable only for an individual in a position to keep in touch with the company's affairs.

Philadelphia Suburban Gas

Question—Can you give me some information regarding the stock of the Philadelphia Suburban Gas and Electric Company, Delaware County division, Chester, Pa.? Is it a substantial company?—H. D. H.

Answer—The Philadelphia Suburban Gas and Electric Company is a substantial company. It is a consolidation of several power, light and heat companies serving territory immediately adjacent to Philadelphia. All outstanding common stock of the company is owned by the American Gas Company.

Borne-Seymmer

Question—I have consulted you several times and as I always find your advice thoroughly reliable I am taking the liberty of again asking you to kindly advise me. Borne-Seymmer Company, Inc., in an article in regard to them from which I gather that they will soon put stock on the market, what per cent dividends will it pay? When will it be for sale and at what price? Will it be a good buy? Also what will be general price value? I want to be informed as to when and where the dividends will be paid.—H. M. S.

Answer—Borne-Seymmer Company will pay a 400 per cent stock dividend and thereby increase its capital to \$1,000,000 if stockholders approve at a meeting called for November 22.

Dividends of 20 per cent per annum have been paid during the period 1913-1921. This is a dividend in the form of stock that is being paid to stockholders and not a privilege to subscribe to new shares at a stated price.

We presume the new stock will be listed on the curb and may be purchased through any broker, although we do not know at what price the shares will be quoted or what the dividends will be paid. General Electric "special" stock is listed on the New York Stock Exchange and pays 6 per cent dividends, declared to shareholders of the General Electric Company and are virtually identical as to dividends.

Virginia-Carolina Chemicals

Question—Kindly give me your opinion regarding the Virginia-Carolina Chemical Company's bonds series A, 7s, maturing 1942, and in what investment value and fluctuation in market value are not considerations.—L. L. C.

Answer—We consider Virginia-Carolina Chemicals, series A, 7s, 1942, a reasonably good investment for a business man. The outlook for the company should continue to improve as business conditions in the South become better.

Hutchinson Thrift Corporation

Question—E. Glasner & Co., Inc., of 115 Broadway, New York City, have just opened a branch office in Syracuse. Banks and others seem to know little about Hutchinson Thrift Corporation, but sell stock of the Hutchinson Thrift Corporation, which sells franchises to operators of stores. Your report seems to be the reputation of Glasner & Co., Inc., investment bankers, and as to Hutchinson Thrift Corporation. Is it a prominent or important corporation? What does it do? Does it seem to be well officered and its management seem good? It's reported to me that it has been incorporated and is capitalized or all paid up? Glasner & Co. are offering \$100,000 stock at \$10 par and have in some right cities no doubt about their claim to have branch offices. Because I know what you may say will be broad and general, I would appreciate your opinion. That is the reason I write your paper.—J. T. W.

Answer—The Hutchinson Thrift Corporation was incorporated about six months ago in Delaware with an authorized capitalization of 100,000 shares of \$10 par value. The corporation plans to sell franchises to operate Hutchinson stores throughout the country. The idea is to have Hutchinson Thrift Corporation as a principal or important corporation provides the equipment for it to operate its stores. The royalty is one-half of 1 per cent of gross sales. Certain franchises have been sold, but no stores have been opened to date. Steps along this line are expected soon, however, it is said. The stock in being sold by Charles E. Glasner & Co. at \$13 a share, the premium above par going for this expense. We are in agreement in assuming that the corporation was connected with Hutchinson System, Inc. or with Shelley B. Hutchinson. It has no connection with either. Dr. Miller Reese Hutchinson (not Hutchinson) is president and chairman of the board of directors. Until the corporation has had sufficient time to demonstrate its earning capacity, the stock must be regarded as speculative.

Four full columns of investment questions and answers will be published in The Tribune every Sunday and Monday. Other days one full column will appear.

Railroads' Earning Power No. 24—N. Y., New Haven & Hartford

We present in the subjoined article the twenty-fourth of a series of forty daily discussions of the present earning power of the leading American steam railroads. At the request of The Tribune, these studies were undertaken by the Standard Statistics Company, Inc., of New York, which has prepared the papers and is securing a copyright for them in 1922. The twenty-fifth article will appear to-morrow and will deal with Lehigh Valley—Financial Editor.)

The series of events that so nearly succeeded in wrecking this once fine property and that reduced its securities from the high grade investment class to the speculative level are briefly discussed below.

Estimated Property Value

The estimated property value of the company is \$485,000,000, or 10 per cent less than total capitalization. Assuming the theoretical paying off of bonds and leased line securities at par there would remain an equity of only \$67 a share for the company's stock in estimated property value. The New Haven, however, is not in such a position, because of its holdings in leased line securities that might add \$20 more a share to the equity behind the stock.

Growth of Revenues

Gross. Net after Total Year Revenue. Taxes. Income. Funded Capital Stock. Total 1912... \$64,300,000 \$25,400,000 \$38,900,000 1913... \$82,500,000 \$17,500,000 \$45,000,000 1922... \$24,000,000 179,200,000 165,800,000 Inc.... 87% 87% 112% 100% 100% 100%

*Estimated. *Decrease.

In 1912 New Haven had already begun to slip. Fixed charges mounted rapidly, but operating income failed to keep pace. The result was a constantly diminishing return. The climax came in 1921, when a deficit of over \$14,000,000 was shown after payment of interest and other items charged against the earnings of that year.

The current year, however, had turned decidedly for the better. If the coal and railroad strike had not interfered it is more probable that the company would have been able to show a profit even after fixed charge requirements had been met. Unfortunately, these labor troubles placed obstacles in the way of progress, and it now looks as though the company will fall short by about \$3,000,000 of earning the full amount of these payments.

Dividend Record

The origin of the New Haven system dates back to 1833, but the present company was not incorporated until 1872, when the Hartford and New Haven Railroad became the New York & New Haven Railroad and consolidated.

The initial dividend on the stock of the consolidated company was paid in 1873 at the rate of 10 per cent yearly and this rate was continued through 1895. From 1896 and into 1913 the annual payments were at the rate of 8 per cent, after which they ceased altogether.

Margin of Safety of Earnings

The margins of safety shown in the table below are based on the percentage that amount available for interest and dividends would have to fall or rise in order to produce a sum just sufficient to cover interest charges and dividends in those years in which dividends were paid.

Fixed Charges. Divs. Paid. Year. Charges. 1912... 103% 1913... 103% 1914... 103% 1915... 103% 1916... 103% 1917... 103% 1918... 103% 1919... 103% 1920... 103% 1921... 103% 1922... 103% 1923... 103% 1924... 103% 1925... 103% 1926... 103% 1927... 103% 1928... 103% 1929... 103% 1930... 103% 1931... 103% 1932... 103% 1933... 103% 1934... 103% 1935... 103% 1936... 103% 1937... 103% 1938... 103% 1939... 103% 1940... 103% 1941... 103% 1942... 103% 1943... 103% 1944... 103% 1945... 103% 1946... 103% 1947... 103% 1948... 103% 1949... 103% 1950... 103% 1951... 103% 1952... 103% 1953... 103% 1954... 103% 1955... 103% 1956... 103% 1957... 103% 1958... 103% 1959... 103% 1960... 103% 1961... 103% 1962... 103% 1963... 103% 1964... 103% 1965... 103% 1966... 103% 1967... 103% 1968... 103% 1969... 103% 1970... 103% 1971... 103% 1972... 103% 1973... 103% 1974... 103% 1975... 103% 1976... 103% 1977... 103% 1978... 103% 1979... 103% 1980... 103% 1981... 103% 1982... 103% 1983... 103% 1984... 103% 1985... 103% 1986... 103% 1987... 103% 1988... 103% 1989... 103% 1990... 103% 1991... 103% 1992... 103% 1993... 103% 1994... 103% 1995... 103% 1996... 103% 1997... 103% 1998... 103% 1999... 103% 1900... 103% 1901... 103% 1902... 103% 1903... 103% 1904... 103% 1905... 103% 1906... 103% 1907... 103% 1908... 103% 1909... 103% 1910... 103% 1911... 103% 1912... 103% 1913... 103% 1914... 103% 1915... 103% 1916... 103% 1917... 103% 1918... 103% 1919... 103% 1920... 103% 1921... 103% 1922... 103% 1923... 103% 1924... 103% 1925... 103% 1926... 103% 1927... 103% 1928... 103% 1929... 103% 1930... 103% 1931... 103% 1932... 103% 1933... 103% 1934... 103% 1935... 103% 1936... 103% 1937... 103% 1938... 103% 1939... 103% 1940... 103% 1941... 103% 1942... 103% 1943... 103% 1944... 103% 1945... 103% 1946... 103% 1947... 103% 1948... 103% 1949... 103% 1950... 103% 1951... 103% 1952... 103% 1953... 103% 1954... 103% 1955... 103% 1956... 103% 1957... 103% 1958... 103% 1959... 103% 1960... 103% 1961... 103% 1962... 103% 1963... 103% 1964... 103% 1965... 103% 1966... 103% 1967... 103% 1968... 103% 1969... 103% 1970... 103% 1971... 103% 1972... 103% 1973... 103% 1974... 103% 1975... 103% 1976... 103% 1977... 103% 1978... 103% 1979... 103% 1980... 103% 1981... 103% 1982... 103% 1983... 103% 1984... 103% 1985... 103% 1986... 103% 1987... 103% 1988... 103% 1989... 103% 1990... 103% 1991... 103% 1992... 103% 1993... 103% 1994... 103% 1995... 103% 1996... 103% 1997... 103% 1998... 103% 1999... 103% 1900... 103% 1901... 103% 1902... 103% 1903... 103% 1904... 103% 1905... 103% 1906... 103% 1907... 103% 1908... 103% 1909... 103% 1910... 103% 1911... 103% 1912... 103% 1913... 103% 1914... 103% 1915... 103% 1916... 103% 1917... 103% 1918... 103% 1919... 103% 1920... 103% 1921... 103% 1922... 103% 1923... 103% 1924... 103% 1925... 103% 1926... 103% 1927... 103% 1928... 103% 1929... 103% 1930... 103% 1931... 103% 1932... 103% 1933... 103% 1934... 103% 1935... 103% 1936... 103% 1937... 103% 1938... 103% 1939... 103% 1940... 103% 1941... 103% 1942... 103% 1943... 103% 1944... 103% 1945... 103% 1946... 103% 1947... 103% 1948... 103% 1949... 103% 1950... 103% 1951... 103% 1952... 103% 1953... 103% 1954... 103% 1955... 103% 1956... 103% 1957... 103% 1958... 103% 1959... 103% 1960... 103% 1961... 103% 1962... 103% 1963... 103% 1964... 103% 1965... 103% 1966... 103% 1967... 103% 1968... 103% 1969... 103% 1970... 103% 1971... 103% 1972... 103% 1973... 103% 1974... 103% 1975... 103% 1976... 103% 1977... 103% 1978... 103% 1979... 103% 1980... 103% 1981... 103% 1982... 103% 1983... 103% 1984... 103% 1985... 103% 1986... 103% 1987... 103% 1988... 103% 1989... 103% 1990... 103% 1991... 103% 1992... 103% 1993... 103% 1994... 103% 1995... 103% 1996... 103% 1997... 103% 1998... 103% 1999... 103% 1900... 103% 1901... 103% 1902... 103% 1903... 103% 1904... 103% 1905... 103% 1906... 103% 1907... 103% 1908... 103% 1909... 103% 1910... 103% 1911... 103% 1912... 103% 1913... 103% 1914... 103% 1915... 103% 1916... 103% 1917... 103% 1918... 103% 1919... 103% 1920... 103% 1921... 103% 1922... 103% 1923... 103% 1924... 103% 1925... 103% 1926... 103% 1927... 103% 1928... 103% 1929... 103% 1930... 103% 1931... 103% 1932... 103% 1933... 103% 1934... 103% 1935... 103% 1936... 103% 1937... 103% 1938... 103% 1939... 103% 1940... 103% 1941... 103% 1942... 103% 1943... 103% 1944... 103% 1945... 103% 1946... 103% 1947... 103% 1948... 103% 1949... 103% 1950... 103% 1951... 103% 1952... 103% 1953